

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 SCS-03 SCA-01 VA-01 CIAE-00 DODE-00

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R 080314Z JUL 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4984

C O N F I D E N T I A L SECTION 1 OF 2 MANILA 8044

E O 11652: GDS

TAGS: SGEN, RP

SUBJ: EMBASSY PROPOSED AMENDMENT TO US-RP AGREEMENT OF THE
SETTLEMENT OF VETERANS CLAIMS (TIAS 6295, 18 UST 1392)

SUMMARY: EMB PROPOSES AMENDMENT TO US/RP AGREEMENT
ON SETTLEMENT OF VETERANS CLAIMS. BACKGROUND AND
REASONS DISCUSSED. AMENDMENT WOULD ALLOW GOP TO PAY
CERTAIN BENEFITS TO WWII PHILIPPINE GUERRILLAS WHO
ARE NOT PRESENTLY ELIGIBLE UNDER ORIGINAL TERMS OF
AGREEMENT. PROPOSED WORDING FOR EXCHANGE OF NOTES
PROVIDED. EMB REQUESTS COMMENTS AND/OR APPROVAL.
END SUMMARY.

1. REFERENCE IS MADE TO QUOTE AGREEMENT BETWEEN THE
GOVERNMENT OF THE USA AND THE GOVT OF THE GOP ON THE
SETTLEMENT OF CLAIMS FOR PAY AND ALLOWANCE OF RECOG-
NIZED PHILIPPINE GUERRILLAS NOT PREVIOUSLY PAID IN
FULL AND FOR ERRONEOUS DEDUCTION OF ADVANCE SALARY
FROM THE BACK PAY OF ELIGIBLE PHILIPPINE VETERANS
UNQUOTE (TIAS 6295, 18 UST 1392, DATED 29 JUNE 1967).

2. IN THIS AGREEMENT, USG PROVIDED \$31,120,000 (PESOS
121,363,000 AT P3.90 TO \$1 EXCHANGE RATE IN EFFECT
AT TIME OF AGREEMENT) TO GOP TO SETTLE ALL CLAIMS
REFLECTED IN TITLE OF ABOVE AGREEMENT. AS OF DECEMBER
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31, 1973, THE GOP HAS ONLY BEEN ABLE TO IDENTIFY 53,885

ELIGIBLE VETERANS AND PAY P36,249,516 UNDER THE CRITERIA OF PARAGRAPHS 1 AND 4 OF CITED AGREEMENT. PARA 4 LIMITED GOP TO UTILIZING MONEY TO PAY BACK PAY OF THOSE NOT PREVIOUSLY PAID IN FULL, BUT ONLY FOR GUERRILLAS WHOSE NAMES WERE CONTAINED ON APPROVED REVISED FINAL ROSTER OF MARCH 1948.

3. FROM HISTORY OF THIS MATTER AVAILABLE AT EMBASSY IT APPEARS THAT MARCH 1948 CUT-OFF DATE WAS RATHER ARBITRARILY ARRIVED AT. AMBASSADOR SULLIVAN DISCUSSED THIS MATTER WITH SECRETARY OF THE ARMY CALLOWAY DURING RECENT WASHINGTON VISIT AND WAS SUBSEQUENTLY INFORMED BY SECRETARY CALLOWAY THAT THERE HAS BEEN NO NEW DEVELOPMENTS SINCE THE PROGRAM TERMINATION IN 1948 WHICH WOULD WARRANT THE REOPENING OF THE PROGRAM IN PART OR IN WHOLE.

4. RECENTLY, PRESIDENT MARCOS HAD INQUIRED AND SUPPLIED A LIST OF 1,028 PERSONS TO AMBASSADOR THAT HE APPARENTLY FELT HAD NOT RECEIVED EQUITABLE TREATMENT. MR. PRICE, ATTACHE FOR US VETERANS AFFAIRS IN THE PHILIPPINES, HAS ALSO RECEIVED MANY INQUIRIES BOTH FORMAL AND INFORMAL OVER THE YEARS, BUT THERE WAS NOTHING THE VA COULD DO TO PAY ANY TYPE OF BENEFITS TO GUERRILLAS WHOSE NAMES HAD NOT BEEN INCLUDED ON THE MARCH 1948 ROSTER.

5. IT NOW APPEARS THAT GOP HAS PROBABLY PAID MOST OF THE CLAIMS THAT THEY CAN IDENTIFY UNDER CRITERIA PROMULGATED IN CITED AGREEMENT, AND IT FURTHER APPEARS TO BE IN BEST INTERESTS OF BOTH GOVERNMENTS TO RELAX CRITERIA IN ORDER FOR GOP TO ASSIST CERTAIN FORMER GUERRILLAS WHOSE NAMES FOR ONE REASON OR ANOTHER WERE DELETED FROM 1948 ROSTER BUT WHO DID, IN FACT, RECEIVE SOME RECOGNITION FOR THEIR GUERRILLA ACTIVITY AND IN MANY CASES RECEIVED BACK PAY FROM USG.

6. THEREFORE, TO ALLOW GOP SOME LEEWAY IN UTILIZING REMAINING AMOUNT OF ORIGINAL GRANT BY USG, EMBASSY REQUESTS AUTHORITY TO PROPOSE FOLLOWING AMENDMENTS TO PARA 3 AND 4 OF CITED AGREEMENT AND TO ADD AN ADDITIONAL PARA 6 BY THE WAY OF AN EXCHANGE OF NOTES. PROPOSED EXCHANGE OF NOTES
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WOULD READ AS FOLLOWS:

QUOTE THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS COMPLIMENTS TO THE DEPARTMENT OF FOREIGN AFFAIRS OF THE REPUBLIC OF THE PHILIPPINES AND HAS THE HONOR TO REFER TO THE AGREEMENT ENTITLED "AGREEMENT BETWEEN THE GOVERNMENT OF THE USA AND THE GOVERNMENT OF THE GOP ON THE SETTLEMENT OF CLAIMS FOR PAY AND ALLOWANCE OF RECOGNIZED PHILIPPINE GUERRILLAS NOT PREVIOUSLY PAID IN FULL AND FOR ERRONEOUS

DEDUCTION OF ADVANCE SALARY FROM THE BACK PAY OF ELIGIBLE PHILIPPINE VETERANS," SIGNED BY OUR TWO GOVERNMENTS ON 29 JUNE 1967. IN DISCUSSION BETWEEN OFFICIALS OF THE GOP AND THE USG IT APPEARS THAT UNDER THE CRITERIA CONTAINED IN THE ABOVE CITED AGREEMENT, THAT THE GOP HAS PROCESSED AND PAID MANY CLAIMS OF WWII GUERRILLAS WHOSE NAMES APPEARED ON THE 1948 REVISED FINAL ROSTER. HOWEVER, DUE TO THE LENGTH OF TIME THAT HAS EXPIRED SINCE THE GUERRILLA ACTIVITIES OF WWII AND OTHER FACTORS, THE SETTLEMENT OF OTHER AUTHORIZED CLAIMS UNDER THE CRITERIA OF THE AGREEMENT MAY BE FEW IN NUMBER AND SUBSTANTIAL FUNDS REMAIN UNEXPENDED. IT IS NOW UNDERSTOOD THAT THE GOP DESIRES TO UTILIZE THE REMAINING FUNDS UNDER THE AGREEMENT TO PAY CERTAIN CLAIMS AND BENEFITS TO WWII GUERRILLAS RECOGNIZED BY THE GOP BUT WHOSE NAMES WERE DELETED FROM THE 1948 REVISED FINAL ROSTER. IN ORDER TO ACCOMPLISH THIS PURPOSE, THE USG PROPOSES THE FOLLOWING AMENDMENTS TO THE ABOVE NAMED AGREEMENT. PARA IN PARAGRAPH 3 ADD THE WORDS "AND 4" AFTER THE NUMBER "1" AND DELETE THE WORD "ABOVE." PARA ADD THE FOLLOWING SENTENCES TO THE END OF PARAGRAPH 4, "IN ADDITION, THE GOP MAY UTILIZE THE FUNDS PROVIDED BY THIS AGREEMENT FOR THE ADDITIONAL PURPOSES OF PAYING BACK PAY, MEDICAL, BURIAL AND

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ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

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OTHER RELATED EXPENSES TO PHILIPPINE NATIONALS WHOSE GUERRILLA SERVICE HAS BEEN RECOGNIZED BY THE GOP BUT WHOSE

NAMES WERE DELETED FROM THE APPROVED REVISED FINAL ROSTER OF MARCH 1948. THE IDENTIFICATION OF SUCH ELIGIBLE RECIPIENTS FOR THE ABOVE BENEFITS, THE AMOUNT OF SUCH BENEFITS AND THE PROCEDURE TO BE UTILIZED WILL BE THE SOLE RESPONSIBILITY OF THE GOP." PARA ADD THE FOLLOWING NEW PARAGRAPH 6 AFTER PARAGRAPH 5. "6. IF FUNDS UNDER THIS AGREEMENT ARE EXHAUSTED IN PAYING CLAIMS AND BENEFITS FOR GOP RECOGNIZED WWII GUERRILLAS WHOSE NAMES WERE DELETED FROM THE 1948 REVISED FINAL ROSTER AS PROVIDED IN PARAGRAPH 4 ABOVE AND SUBSEQUENTLY ADDITIONAL CLAIMS ARE MADE BY PHILIPPINE NATIONALS WHOSE NAMES APPEAR ON THE 1948 REVISED FINAL ROSTER, THAT THE GOP WILL MAKE APPROPRIATE ARRANGEMENTS TO PAY SUCH CLAIMS AND TO HOLD THE USG HARMLESS FROM LIABILITY FOR SAID CLAIMS." PARA IF THE FOREGOING IS ACCEPTABLE TO YOUR GOVERNMENT, I HAVE THE HONOR TO PROPOSE THAT THIS NOTE AND YOUR EXCELLENCY'S REPLY INDICATING CONCURRENCE SHALL CONSTITUTE AN AGREEMENT BETWEEN OUR TWO GOVERNMENTS RELATIVE TO THE AMENDMENT OF THE CITED AGREEMENT. UNQUOTE.

7. ABOVE AMENDMENT WOULD HAVE NO EFFECT ON ELIGIBILITY FOR US VETERANS PROGRAMS. PARA 5 OF AGREEMENT SPECIFICALLY CONFIDENTIAL

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STATES QUOTE IT IS THE UNDERSTANDING OF BOTH GOVERNMENTS THAT PAYMENTS MADE UNDER THIS AGREEMENT HAVE NO EFFECT ON THE ELIGIBILITY REQUIREMENTS OF VETERANS FOR BENEFIT PROGRAMS ADMINISTERED BY THE UNITED STATES EXCEPT AS PROVIDED BY UNITED STATES LAWS. UNQUOTE. PROPOSED AMENDMENT TO PARA 3 WOULD INSURE GOP RESPONSIBILITY FOR ADMINISTRATIVE COSTS AND ALSO TO HOLD USG HARMLESS FROM ANY POSSIBLE LIABILITY ON THE BACK PAY, MEDICAL, BURIAL AND OTHER BENEFIT CLAIMS ALLOWED UNDER PROPOSED AMENDMENT TO PARA 4. IN ADDITION, PROPOSED NEW PARAGRAPH 6 WOULD MAKE IT CLEAR THAT IF FUNDS ARE EXHAUSTED IN PAYING GOP RECOGNIZED WWII GUERRILLAS AND SUBSEQUENT CLAIMS ARE FILED BY WWII GUERRILLAS WHOSE NAMES APPEAR ON THE RECOGNIZED ROSTER, THE GOP HAS AN OBLIGATION TO MAKE APPROPRIATE PAYMENTS AND REITERATES RESPONSIBILITY TO HOLD USG HARMLESS FROM LIABILITY ON SUCH CLAIMS. PARA 6 MAY BE UNDULY CAUTIOUS, BUT EMBASSY BELIEVES IT IMPORTANT ENOUGH TO PLAINLY SPELL OUT THE RIGHTS AND OBLIGATIONS OF BOTH PARTIES IN THIS REGARD. IT SHOULD ALSO BE STRESSED THAT AMENDMENTS WOULD NOT HAVE AFFECT OF REOPENING 1948 ROSTER BUT ONLY GRANT GOP ADDITIONAL LATITUDE IN TYPE OF CLAIMS IT COULD PROCESS AND PAY WITH THE ORIGINAL AMOUNT PROVIDED UNDER CITED AGREEMENT.

8. WHILE ABOVE AMENDMENT WILL NOT FULLY MEET GOP OBJECTIVE OF HAVING SUCH ADDITIONAL GUERRILLAS RECOGNIZED FOR USVA BENEFITS IT WILL ASSIST THEM TO PAY CERTAIN BENEFITS THEM-

SELVES. IN ANY EVENT, MONEY REMAINING FROM GRANT APPEARS TO HAVE BEEN CONVEYED TO GOP WITH NO USG RESIDUAL RIGHTS TO RECOUP UNSPENT AMOUNTS AND CONDITIONS OF AGREEMENT PREVENT ITS FULL UTILIZATION FOR GOP VETERANS PROGRAMS BENEFITING WWII GUERRILLAS.

9. HOPEFULLY, DEPARTMENT HAS MORE INFORMATION ON BACKGROUND OF THIS AGREEMENT IN ORDER TO DETERMINE IF FUNDS PROVIDED BY THE AGREEMENT CAN BE RELEASED FOR ADDITIONAL BENEFITS REFLECTED IN EMBASSY PROPOSED AMENDMENTS. LIMITED INFORMATION AVAILABLE HERE INDICATES ORIGINAL \$31,120,000 WAS NOT PROVIDED BY SPECIAL CONGRESSIONAL APPROPRIATION BUT WAS OBTAINED FROM SOME TYPE OF CONTINGENCY FUND. IF SO, PERHAPS CONGRESSIONAL APPROPRIATION LIMITATIONS NOT INVOLVED AND WOULD NOT POSE OBSTACLE TO PROPOSED AMENDMENT.
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10. REQUEST DEPARTMENT COMMENTS AND/OR APPROVAL.
SULLIVAN

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